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THE Poultry and Egg SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

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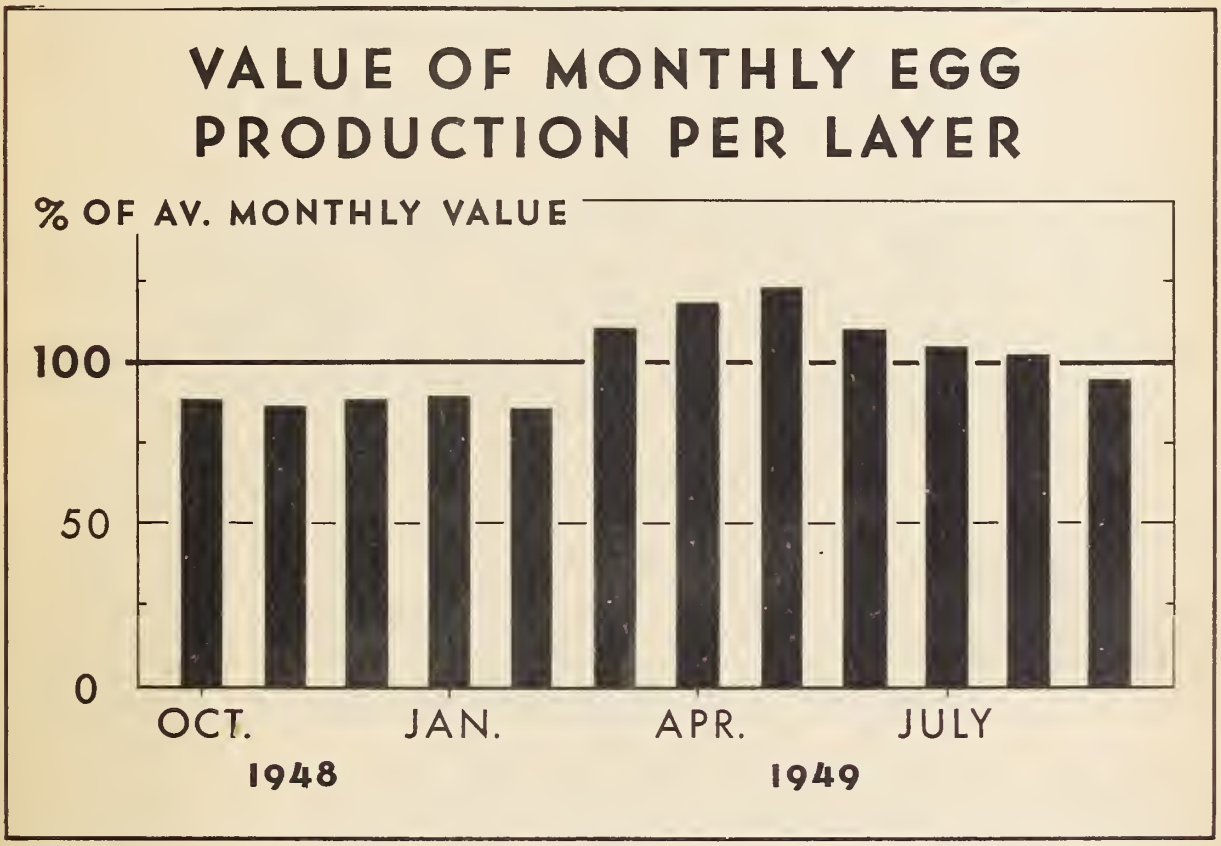
In this issue:
Disposition Activities for Government Stocks
Canadian Egg Prices and Storage Program



The value of the monthly egg output per layer is ordinarily greater in the spring than at any other season of the year. This occurs despite the fact that the fall egg prices are usually the highest of the year. For the U. S. as a whole, the higher production in the spring more than offsets the lower prices. The springtime costs for feed and other items are not increased in proportion to the increased revenue. Therefore it would seem that with normal price relationships, under most management systems, it would not pay to sell off the laying flock after the period of peak prices, unless the flock had been so managed that peak output had been achieved in the period of high prices.

Ordinarily, the largest net reduction in numbers of layers occurs in May, June and July, as individual layers finish their production and are culled out. It remains to be seen whether or not farmers will consider the current low prices to be sufficiently different from previous experience to justify an earlier reduction of flocks this year than last.

The Poultry and Egg Situation at a Glance

Item	Unit	Month or date	Average 1939-48 1/	1949 2/	1950 3/	Month or date	Average 1939-48 1/	1949 2/	1950 3/	Comments on current situation.
Eggs										
Farm production	Mil. doz.	Dec.	250.2	334.0	374.9	Jan.	310.2	381.8	428.9	Highest on record for the month.
Average number of layers on farms	Million	Dec.	381.1	376.4	398.1	Jan.	386.7	377.3	403.5	
Rate of lay per hen	Number	Dec.	7.8	10.6	11.3	Jan.	9.5	12.1	12.8	
Apparent civilian per capita disappearance	Number	Nov.	25.0	29.5	29.7	Dec.	26.4	31.5	31.0	Slow to respond to lower prices.
Frozen egg production	Mil. lb.	Dec.	---	0.9	9.3	Jan.	---	3.4	N. A.	High for so early in the season.
Dried egg production	Mil. lb.	Dec.	---	0.6	8.6	Jan.	---	2.4	N. A.	Principally for price support.
Price received by farmers	Ct. per doz.	Dec.	39.2	52.8	40.5	Jan.	33.4	47.1	31.3	
Price received by farmers as a percentage of parity	Percent	Dec.	90	82	66	Jan.	93	86	62	Parity basis revised, beginning with January, 1950.
Retail price (BAE)	Ct. per doz.	Nov.	51.4	78.2	65.3	Dec.	51.1	69.2	55.2	
Egg-feed price ratio	Lb. feed	Dec.	15.5	14.6	12.0	Jan.	12.8	13.0	9.3	Not favorable to producers.
Stocks:										
Shell	Thous. cases	Jan.1	443	159	110	Feb.1	292	152	379	Seasonal increase beginning unusually early.
Frozen	Mil. lb.	Jan.1	102.5	104.9	53.9	Feb.1	79.2	71.5	55.0	
Dried	Mil. lb.	Jan.1	---	25.2	70.2	Feb.1	---	25.1	75.9	
Chicks hatched by commercial hatcheries	Millions	Dec.	28.5	55.0	55.0	Jan.	47.5	80.9	83.7	
Potential layers on farms	Millions	Jan.1	440.1	413.2	439.1	Feb.1	4/140.7	395.0	420.3	
Hens and pullets of laying age	Millions	Jan.1	389.4	380.5	405.2	Feb.1	4/411.3	374.1	399.0	A reflection of the large number of chickens raised in 1949.
Pullets not of laying age	Millions	Jan.1	50.7	32.7	33.9	Feb.1	4/ 29.4	20.9	21.4	
Farm price of poultry ration	Dol.per cwt.	Dec.	2.62	3.62	3.38	Jan.	2.67	3.62	3.38	
Poultry										
Price received by farmers for chickens	Ct. per lb.	Dec.	20.0	30.7	22.3	Jan.	20.2	30.7	20.3	
Price received by farmers as a percentage of parity	Percent	Dec.	105	110	81	Jan.	108	110	71	Parity basis revised beginning with January 1950.
Retail price of chickens (BAE)	Ct. per lb.	Nov.	40.6	59.7	50.5	Jan.	39.5	59.8	47.8	
Price received by farmers for turkeys	Ct. per lb.	Dec.	27.7	51.4	35.3	Jan.	26.7	49.3	32.6	Principal marketings of 1949 crop now completed.
Stocks:										
Poultry, excluding turkeys	Mil. lb.	Jan.1	175.7	110.3	165.6	Feb.1	153.4	93.7	157.9	
Turkeys	Mil. lb.	Jan.1	65.0	50.6	126.9	Feb.1	73.6	54.8	136.7	
Chicken-feed price ratio	Lb. feed	Dec.	7.9	8.5	6.6	Jan.	7.9	8.5	6.0	Not favorable to producers.
Turkey-feed price ratio	Lb. feed	Dec.	10.8	14.3	10.4	Jan.	10.3	13.6	9.6	
Average weekly receipts of poultry at Central Western Primary Markets, per plant	Thous. lb.	Dec.	20.8	13.4	16.8	Jan.	10.0	8.4	12.5	
Average weekly placements of chicks in 7 broiler areas	Millions	Dec.	---	6.1	5.8	Jan.	---	6.6	6.1	Continuing at a high level.

1/ Except when data are for November or December, when average is 1938-47.
2/ Except when data are for November or December, when entries are for 1948.
3/ Except when data are for November or December, when entries are for 1949.
4/ Average 1944-48.

THE POULTRY AND EGG SITUATION

Approved by Outlook and Situation Board February 20, 1950

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SUMMARY

Supplies of eggs exceed commercial demand by a rather wide margin at the Government's price support level, and the intended reduction in hatchings will not cause a reduction in layers until the last quarter of 1950. Farmers intend to buy 12 percent fewer baby chicks for laying flock replacements in 1950 than in 1949. These intentions, if they are carried through, will gradually show up in smaller supplies of eggs and poultry meat some time after midyear. For poultry meat, the adequacy of supplies from sources other than farm-raised young chickens will tend to offset the effects of fewer chickens raised.

Despite the prospective reduction of chicken numbers, egg supplies will continue ample, and probably larger than in 1949, when consumption averaged about 275 eggs per capita. The January 1950 laying flock was 7 percent larger than a year before. Production per bird was at a record high rate, raising January egg production 12 percent above January 1949. Egg output is likely to continue high through the spring.

An appreciable movement of shell and frozen eggs to cold storage has begun. In mid-February, rates of in-movement were as heavy as those normally expected much later in the season. Last year, it was not until the end of April that the weekly storage accumulation of eggs in 35 cities was at the level attained this year in mid-February.

So far, under the 1950 egg price-support program, the Department of Agriculture is buying dried egg in greater volume than at the same time a year before, although at a sharply reduced price. The current support price is intended to provide a 37-cent annual average farm price for eggs, compared with a 45.5 cent return actually achieved last year. Current egg prices, seasonally adjusted, are below the intended level. The means by which Government stocks acquired for price support can be disposed of are discussed in this issue.

Since last summer, Canadian egg prices have followed a downward trend similar to that in the U. S., and egg prices there hit a 1949 low in December, after purchases under the British egg contract were ended. An egg price-support arrangement, based on a guaranteed storage program for Grade A large and medium eggs, has been announced by the Dominion Department of Agriculture.

Farmers Intend to Buy Fewer Chicks in 1950

Farmers intend to buy fewer baby chicks for laying flock replacements in 1950 than they did in 1949. According to a survey of February 1 intentions made by the Bureau of Agricultural Economics, the intended changes range from decreases of 17 and 15 percent in the West and East North Central regions to an increase of 5 percent in New England. For the U. S. as a whole, the intended decrease is 12 percent.

If developments during the hatching season do not change these intentions, or indeed if the mere announcement of the intentions does not stimulate further adjustment in the number of chicks that farmers will buy, the result will be a reduction of fresh egg supplies in the last quarter of 1950 as compared with 1949. Any reduction would also affect egg supplies for the first half of 1951.

Table 1.- Chicks: Purchases intended by farmers in 1950, by categories and regions, with comparisons to 1949

Geographic divisions	Intended purchases as a percentage of 1949 purchases	Percentage of total: Baby chicks bought in 1949			Percentage of total: Baby chicks intended in 1950		
		Straight run	Pullet chicks	Cockerel chicks	Straight run	Pullet chicks	Cockerel chicks
	Percent	Percent	Percent	Percent	Percent	Percent	Percent
New England	105	41	52	7	38	54	8
Middle Atlantic	91	48	48	4	44	53	3
E. N. Central	85	60	35	5	58	37	5
W. N. Central	83	65	30	5	64	31	5
South Atlantic	92	82	16	2	80	18	2
E. S. Central	98	77	19	4	72	25	3
W. S. Central	88	77	17	6	77	19	4
Mountain	88	68	28	4	60	35	5
Pacific	88	44	52	4	43	53	4
United States	88	65	31	4	63	33	4

The effects of a smaller number of chickens raised probably will be more noticeable upon egg supplies than on meat supplies. While farmers may partially offset a decline in young pullets by holding more yearling hens, the probable effect of such an adjustment is small. In recent years, the ratio of pullets to hens in laying flocks has fluctuated only moderately around the usual ratio of 2:1. Therefore, beginning in the fall of 1950, the monthly output of eggs from farms probably will fall below corresponding months of 1949. This lower egg production would continue through the spring of 1951.

Chicken meat supplies also will be affected, although not so sharply as egg supplies. Marketings of young farm chickens are begun in the summer of the calendar year when they are hatched, while concurrent marketings of mature birds are from previous hatches. This means that the result of year-to-year changes in numbers of chickens raised affect total marketings of farm chickens beyond those of the current year. In addition, specialized broiler production, continuing independently of farm output, serves as a further balance to some of the ups and downs of marketings from farm production. As a consequence of this, there is a somewhat greater year-to-year stability in chicken meat supplies than would be expected on the basis of changes in numbers of chickens raised. Over the past 5 years, the consumption of chicken meat has averaged about 25 pounds per person per year. In the most recent 5-year period, the average annual consumption never fell below 23 pounds.

The extent to which farmers' past baby chick purchases have conformed to their early-season intentions is shown in table 2. In all but one of the years since 1940, chicken numbers have changed in the same direction as indicated by the intentions and in general the most extreme intentions have preceded the most extreme changes. The table also indicates the extent to which changes in intended chick purchases, in the springtime hatchery output, and in chickens raised on farms, can be related to the numbers of potential layers and of pullets on the following January 1. As the months of the poultry year go by these successive measures of change (expressed as a percentage of the previous year) generally improve as measures of the numbers of layers for the ensuing year. However, the early measures of change usually overstate the eventual changes that can be expected in subsequent numbers of layers. For example, the percentage change from the previous year in springtime hatchings is generally larger than the change in chickens raised; the change in chickens raised is generally greater than the change in numbers of layers on the January 1 following. In all years when the changes have been significant, only a part of the percentage change indicated in springtime hatchings 1/ has been ultimately carried through to January 1 numbers of layers.

1/ In this measure of hatchings, there is no precise way to separate chicks intended for farm flock replacements from chicks intended for specialized broiler production. However, in view of the relatively small percentage--perhaps 20 to 25 percent--that broiler chicks are of total output in the chosen months, and the very general nature of the relationships discussed here, this consideration is not serious.

Table 2.- Farmers' February intentions to buy chicks, compared with subsequent hatchery output, number of chickens raised, and potential layers and pullets following January 1, available data 1930 to date

Year	Intentions in February as a percentage of previous year's purchases of chicks	Chicks hatched by commercial hatcheries Feb.-June	Chicks hatched as a percentage of preceding year	Chickens raised on farms	Chickens raised as a percentage of preceding year	Potential layers on farms following Jan. 1	Potential layers as a percentage of preceding year	Pullets on farms following Jan. 1	Pullets as a percentage of preceding year
	Percent	Million	Percent	Million	Percent	Million	Percent	Million	Percent
1930		627		777		402		244	
1931		471	75	709	91	386	96	230	94
1932		487	103	736	104	391	101	237	103
1933		549	113	750	102	385	98	238	100
1934		483	88	644	86	350	91	212	89
1935		580	120	658	102	363	104	226	107
1936		714	123	715	109	380	105	249	110
1937		609	85	601	84	353	93	215	86
1938		647	106	651	108	377	107	242	113
1939		751	116	697	107	393	104	254	105
1940	96	697	93	634	91	381	97	240	94
1941	109	860	123	745	118	428	112	278	116
1942	112	1,004	117	844	113	489	114	319	115
1943	116	1,268	126	1,001	119	524	107	350	110
1944	83	1,055	83	832	83	474	90	301	86
1945	96	1,213	115	915	110	474	100	325	108
1946	86	1,005	83	746	82	436	92	285	88
1947	94	1,003	100	745	100	426	98	285	100
1948	80	903	90	637	86	413	97	268	94
1949	107	1,117	124	1/ 749	1/ 118	1/ 439	1/ 106	1/ 300	1/ 112
1950	88								

1/ Preliminary.

If farmers follow through with their intentions, they may help to relieve the surplus situation affecting eggs, and the distress situation affecting many producers of poultry meat. Any such relief, however, will not be effective until late in 1950.

Farmers have already reported their intentions, as of January 1, to raise 1 percent more turkeys than the large crop of 41.5 million birds raised in 1949. On January 1, 1950 the number of turkey hens intended for breeders on farms was 9 percent larger than a year earlier.

Prices Low for Eggs, Chickens, Turkeys

Prices for poultry products were lower in mid-January than at any other time since the spring of 1946 for eggs, the fall of 1942 for chickens and the summer of 1947 for turkeys. The large current supplies of these commodities and of competing commodities - such as pork - are factors affecting the prices. The lower level of support prices for eggs this year than last also is a factor affecting the price of that commodity.

In mid-January, producers received an average of 31.3 cents per dozen for eggs. This price is 5.7 cents lower than the annual average which is the objective of the 1950 price-support program. The January price is 15.8 cents lower than the price received a year ago. Average prices received by farmers for chickens in mid-January were 20.3 cents per pound, the lowest reported in more than seven years. Turkey marketings from the large 1949 crop are about completed, except for the birds which are being held as breeders for this year's hatching. For September-December 1949, turkey prices averaged 34.4 cents per pound. Preliminary estimates place the 1949 crop 30 percent larger than the year before, and the average price for marketings in the 4 months September-December was 25 percent lower. Present Government holdings of turkey, bought for price support, are equivalent to about 1 percent of the 1949 crop. In July 1950, additional sales may be made to the Government of birds slaughtered in 1949 and subsequently stored. As of January, farmers' intentions were to raise about 1 percent more turkeys in 1950 than in 1949.

The net price movements for eggs, chickens, and turkeys since mid-January have not been substantial.

Chicken and Egg Price Outlook for Rest of Year;
Prices to be Lower Than in 1949; Prospects
for Seasonal Egg Price Increase Discussed

If farmers follow their present intentions, decreased marketings of eggs and poultry will eventually result. As stated previously, the effect on poultry supplies would be spread over a longer time and be less marked than the change in egg supplies. The price effects of the changed supplies of the two commodities might also be somewhat different.

In contemplating price effects of these changes, the level of general business activity and the status of price-support programs must be recognized. This discussion assumes no drastic decline in business conditions and hence in the general level of demand, and it also assumes the status quo as of February 20 for price-support programs, with allowance only for those program changes which may later appear necessary to accomplish goals already announced.

Table 3.- Prices as a percentage of parity: Eggs, chickens, and turkeys, by months, January 1935-1949 *

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual average
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Eggs 1/													
1935	93	98	83	91	99	98	93	89	89	82	78	79	87
1936	80	96	81	81	88	92	87	86	80	79	82	82	84
1937	79	78	66	88	79	78	78	75	73	72	72	72	76
1938	77	65	73	73	82	86	85	82	84	81	77	81	79
1939	71	70	75	73	73	72	72	69	69	68	69	60	69
1940	70	85	70	69	71	68	68	67	70	70	70	79	71
1941	77	71	74	89	91	106	101	97	92	84	84	91	89
1942	107	101	100	98	102	108	100	103	96	94	88	96	98
1943	119	117	124	120	121	122	113	114	107	107	102	103	113
1944	97	100	104	92	90	91	93	93	89	90	94	102	94
1945	111	106	108	107	108	113	110	113	99	99	101	105	106
1946	107	92	99	97	99	97	92	90	99	103	87	86	95
1947	86	91	98	98	97	94	99	94	99	94	87	94	94
1948	86	92	93	95	90	92	90	92	90	89	93	82	90
1949	86	87	89	94	96	96	90	93	95	86	77	66	87
Chickens 2/													
1935	84	91	96	105	106	105	95	97	106	108	110	111	101
1936	116	119	118	120	118	116	112	103	101	95	89	85	108
1937	90	91	95	99	96	96	100	111	116	119	115	112	103
1938	114	109	110	112	111	109	104	100	101	96	96	96	105
1939	100	101	102	103	99	96	99	94	96	90	88	83	96
1940	85	87	90	91	96	94	96	94	97	94	93	92	92
1941	97	99	100	109	112	111	114	107	106	102	97	99	104
1942	104	106	108	109	109	109	109	115	119	113	113	116	111
1943	126	129	131	136	136	138	138	138	136	132	130	130	133
1944	126	125	125	125	128	124	126	126	123	124	125	125	125
1945	125	126	129	132	137	142	146	147	140	123	121	120	130
1946	117	114	115	120	122	126	132	122	130	148	116	115	123
1947	105	101	104	107	108	106	108	102	104	99	92	91	102
1948	93	92	97	99	100	107	112	114	112	106	105	110	104
1949	110	106	109	111	101	94	88	91	89	85	85	81	96
Turkeys 3/ 4/													
1935									79	87	110	118	86
1936									85	85	80	76	90
1937									79	89	96	98	79
1938									89	92	96	103	92
1939									86	85	89	87	90
1940									80	82	87	88	78
1941									90	94	100	103	89
1942									101	110	123	134	101
1943									125	127	139	140	128
1944									129	131	140	142	131
1945									135	131	133	134	135
1946									120	138	123	119	121
1947									99	102	104	111	96
1948									121	120	130	146	115
1949									99	98	100	102	109

* These data have been recomputed to include latest revisions. Beginning with January 1950, there is a change in the method by which parity prices are computed. The formulas involved in the new method, and the values for January, are given in the appropriate footnotes.

1/ For the months through December 1949, computed from 21.5 cents per dozen base period price, and index of prices paid by farmers, including interest and taxes. Egg prices used are adjusted for seasonal variation. For January 1950, egg prices were equivalent to 62 percent of parity. This is based on transitional parity, equal to 95 percent of the parity as computed by the formula in use through 1949. For January 1950, the index of prices paid, including interest and taxes, was 241.

2/ For the months through December 1949, computed from 11.4 cents per pound base price, and index of prices paid by farmers, including interest and taxes. For January 1950, chicken prices were equivalent to 71 percent of parity. This is computed from the adjusted base period price of 11.4 cents (by coincidence unchanged from the previous base) and index of prices paid, interest, taxes, and wage rates, which in January 1950 was 249

3/ Monthly turkey prices as a percentage of parity are published only for the months in which marketings normally comprise 5 percent or more of the annual sales. The annual average turkey price as a percentage of parity, however, includes consideration of all 12 monthly prices each year.

4/ For the months through December 1949, computed from 14.4 cents per pound base price, and index of prices paid by farmers, including interest and taxes. For 1950, turkey prices as a percentage of parity will be computed from the adjusted base period price of 14.4 cents (by coincidence unchanged from the previous base), and index of prices paid, interest, taxes, and wage rates. In January 1950, this index was 249.

Under these circumstances, a reduction in chicken meat supplies such as is now in prospect is not likely to restore poultry prices to the average levels of the year 1949. A reduction of 12 percent in chickens raised on farms, if such should materialize, would be partly offset by an increase in the marketings of birds from laying flocks, which on January 1 included 6 percent more birds than a year earlier. An additional offset is the large supply of frozen poultry (including the turkeys which will become readily available to institutional users at any price yielding storers more than the announced Government support which is applicable for July). In addition, specialized broiler production may be about as large as in 1949 and prospective supplies of competing red meats will be ample. Accordingly, the prospective decreases in supplies of young farm chickens cannot be expected to restore chicken prices to their average 1949 level.

As a consequence of this outlook for poultry meat, more farmers may shift to sexed pullets in their baby chick purchases. This would continue the uptrend of the past several years in the proportion of sexed pullets in farmers' chick purchases. Some farmers also may review their consideration of the relative merits of the heavy and light breeds under the expected price relationships of the next year. In recent years, many producers have held that the greater meat value of the heavy breeds more than offset their greater feed consumption and the discount frequently applied against their brown eggs. These arguments are less persuasive with present and prospective low poultry prices and relatively high feed prices.

Table 4.- Broiler chick placements in 7 specialized areas, weekly data converted to average weekly rates by months, December 1949 to date, with comparisons

Month	Placements of chicks							
	East Conn.	Del-Mar-Va.	Shenandoah Valley	Chatham-Wilkes N. C.	North Georgia	N. W. Ark.	Texas	Total
	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands
	(a) Period beginning December 1949							
December 1949	158	2 716	535	236	1,035	671	556	5,907
January 1950	245	2,610	567	309	1,058	692	577	6,058
February 1950 1/	256	1,774	555	366	1,289	690	610	5,540
	(b) Period beginning 3 months prior							
September 1949	162	2,433	439	262	742	472	463	4,973
October 1949	185	3,121	644	323	1,061	578	484	6,396
November 1949	108	2,708	665	340	1,227	607	553	6,210
	(c) Period beginning 1 year prior							
December 1948	133	2,788	596	330	1,056	686	485	6,076
January 1949	222	3,071	606	367	1,035	699	566	6,566
February 1949	305	2,938	728	400	1 045	647	521	6,584

1/ Through February 11 only.

The egg price outlook is somewhat different. If the intended 12 percent decrease in farmers' baby chick purchases evolves into a 7 or 8 percent decrease in layers on hand on January 1, 1951, egg output in December 1950 will be about that much smaller than in December 1949. Some reduction in egg production compared with corresponding months of 1949 should become apparent about August 1950. Since the monthly fresh egg supplies during 1950 can thus be expected to move gradually from January's actual 12 percent increase over the year before, to the potential reduction of a few percentage points in December, it would seem highly probable that in the absence of price support there would have been a marked seasonal swing to egg prices in 1950. Even under the support program, however, it is possible that 1950 will see a percentage rise between the spring time average and the fall peak in farm prices as large as occurred in each of the last 3 years. 1/

1/ The springtime average and the subsequent high monthly farm prices for eggs since 1935, and the percentage the high is of the springtime average, are:

Year	Average springtime (March, April, May) farm price, per dozen	Highest monthly farm price per dozen	Month occurring	Highest monthly farm price as a percentage of springtime average
	Cents	Cents	Month	Percent
1935	20.0	30.1	November	151
1936	17.5	32.5	do.	186
1937	19.3	28.0	do.	145
1938	16.6	29.0	do.	175
1939	15.6	25.8	do.	165
1940	15.2	26.8	December	176
1941	18.7	35.5	November	190
1942	26.0	39.7	December	153
1943	34.0	47.1	November	139
1944	28.1	44.5	December	158
1945	33.3	48.2	do.	145
1946	32.1	51.5	October	160
1947	40.5	58.7	December	145
1948	42.2	58.3	November	138
1949	42.3	52.5	September	124

Table 5.- Chicks: Composition of farmers' purchases, 1943-49 and intentions, 1950

Year	Percent of total purchases		
	Straight run	Sexed pullets	Sexed cockerels
	Percent	Percent	Percent
1943	78	17	5
1944	75	20	5
1945	77	18	5
1946	73	22	5
1947	70	26	4
1948	66	30	4
1949	65	31	4
1950 *	63	33	4

* February 1 intentions.

On the basis of the prices so far and the price outlook for the next few months, the 37-cent price support goal for 1950 would suggest at least the seasonal egg price rise. Farm egg prices for January and February may well prove to have been near the seasonal low. The January farm egg price was 31.3 cents per dozen. The price in February and in the spring months of peak production is not likely to be appreciably higher. On the other hand, prices in those months are not likely to fall far below the level of January 1950, because of announced Government price support commitments. Accordingly, if no substantial change in farm prices occurs in the next few months, the prices of the last months of the year will have to sharply exceed the intended annual average in order to bring that average up to 37 cents per dozen. Past relationships of fall and winter egg prices to the annual average are shown in table 6.

"A little over 40 percent of the chicken consumed [by city families in the spring of 1948] was reported in drawn weight. About one-third was reported in live weight. Chicken purchased as pieces represented only 3 percent of the total."

"Eggs and Poultry in City Diets."

Table 6.- Egg prices: Comparisons, U. S. farm basis, Chicago basis, and Chicago futures, 1925 to date

Year	Farm prices in stated month													Chicago prices in stated month											
	Annual average farm price of eggs		September		October		November		December		Following January			September	October			November			December			Following January		
																October futures			November futures			December futures			January futures	
	Weighted average	Simple average	Price per dozen	Percentage of weighted annual average	Price per dozen	Percentage of weighted annual average	Price per dozen	Percentage of weighted annual average	Price per dozen	Percentage of weighted annual average	Price per dozen	Percentage of annual average 1/	Percentage of annual average 2/	Fresh eggs	Fresh eggs 3/	High	Low	Fresh eggs	Fresh eggs 3/	High	Low	Fresh eggs	Fresh eggs 3/	High	Low	Fresh eggs	Fresh eggs 3/	High	Low
	Cents	Cents	Cents	Percent	Cents	Percent	Cents	Percent	Cents	Percent	Cents	Percent	Percent	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
1925	30.4	33.7	31.1	102	37.7	124	46.8	154	48.1	158	36.3	126	119	33.1	42.3	---	---	52.7	---	---	44.6	35-7/8	33-7/8	35.3	---	---
1926	28.9	31.5	31.5	109	36.8	127	44.9	155	47.6	165	36.9	147	128	35.7	40.4	---	---	48.5	---	---	44.9	35-7/8	34-1/4	37.6	---	---
1927	25.1	28.2	29.4	117	35.6	142	41.6	166	43.3	173	38.2	136	152	32.8	37.4	---	---	42.0	33-3/8	31-5/8	42.7	33-3/8	28-5/8	42.0	29-1/8	22-1/4
1928	28.1	30.3	31.4	112	34.9	124	39.6	141	42.9	153	33.0	111	117	32.3	35.0	---	---	41.6	31-3/8	30-1/8	39.2	37	27-7/8	35.4	30-5/8	26-3/4
1929	29.8	32.1	33.9	114	38.4	129	44.2	148	45.8	154	38.4	162	129	36.3	41.3	---	---	47.0	40-3/8	35-1/2	47.4	41-1/4	35-1/2	40.6	---	---
1930	23.7	25.1	25.3	107	26.5	112	31.7	134	26.8	113	22.1	126	93	25.9	28.2	---	---	33.7	22-7/8	19-3/8	26.4	20-1/4	13-1/8	21.1	16-1/8	10-3/8
1931	17.6	18.6	19.1	109	22.7	129	26.4	150	25.6	145	17.2	121	98	20.0	24.3	---	---	29.3	19-1/8	17-1/8	24.8	20-1/2	13-1/4	17.5	16-3/8	13-3/4
1932	14.2	16.0	17.2	121	22.5	158	26.1	184	28.1	198	21.4	155	151	20.0	23.7	24-3/8	20-1/2	29.7	27-5/8	19-3/8	28.8	28-1/2	22-3/4	20.6	24-3/4	19-7/8
1933	13.8	15.3	16.3	118	20.8	151	24.0	174	21.6	157	17.6	103	128	17.0	19.5	18-3/4	16-3/8	22.6	16-5/8	15-1/2	19.3	15-5/8	13	20.3	18-7/8	14
1934	17.1	18.4	21.9	128	23.7	139	28.6	167	27.0	158	25.0	107	146	21.3	23.5	21-1/2	19-5/8	26.7	23-1/4	21-1/8	26.2	22-5/8	19-1/8	27.5	26-7/8	20-7/8
1935	23.4	24.1	26.4	113	27.9	119	30.1	129	28.7	123	22.8	105	97	26.1	26.8	25-5/8	23-1/2	29.2	25-5/8	23-1/8	27.2	21-5/8	17-3/4	23.2	23	16-1/8
1936	21.8	23.0	24.5	112	27.6	127	32.5	149	30.5	140	23.1	108	106	24.8	27.4	27-1/8	24-7/8	33.5	27-1/4	25-1/8	29.6	30-1/4	25-3/4	23.2	23-1/8	16-7/8
1937	21.3	21.7	22.9	108	25.2	118	28.0	131	26.0	122	21.6	106	101	22.2	22.1	21-5/8	17-1/2	25.6	20-3/4	17-3/8	24.3	22-1/4	17-1/2	21.0	19-3/4	15
1938	20.3	21.3	24.9	123	27.1	133	29.0	143	27.9	137	18.8	108	93	24.2	25.3	25-1/2	23-1/4	27.2	24-1/8	21-1/2	25.3	23-3/4	19-3/4	18.1	19-1/8	13-1/2
1939	17.4	18.4	20.6	118	22.9	132	25.8	148	20.5	118	18.3	102	105	18.2	20.1	18.15	16.60	23.6	18.15	16.45	19.1	16.30	13.25	20.8	22.50	13.85
1940	18.0	19.1	21.0	117	23.7	132	26.2	146	26.8	149	19.7	84	109	19.3	20.3	19.80	17.80	23.4	21.40	18.00	25.2	23.55	18.75	18.4	19.50	14.50
1941	23.5	25.0	30.3	129	31.8	135	35.5	151	34.1	145	31.3	104	133	28.8	30.7	30.05	28.20	36.1	34.80	30.00	34.1	34.00	30.45	33.3	34.20	31.55
1942	30.0	31.4	34.7	116	37.4	125	38.9	130	39.7	132	39.0	105	130	35.5	39.7	37.65	35.65	40.0	37.90	37.50	40.0	---	---	38.3	37.90	35.40
1943	37.1	38.7	41.6	112	45.2	122	47.1	127	44.9	121	34.6	106	93	45.3	46.7	---	---	48.5	---	---	43.3	---	---	37.1	---	---
1944	32.5	33.8	35.4	109	38.8	119	43.4	134	44.5	137	41.0	109	126	44.5	46.6	37.40	33.50	49.0	37.40	35.40	48.0	41.00	35.65	42.2	35.95	34.50
1945	37.7	39.0	39.6	105	42.6	113	47.1	125	48.2	128	41.1	110	109	41.8	46.4	47.20	40.40	49.4	47.20	44.25	48.5	42.95	40.85	40.3	37.50	36.00
1946	37.5	39.2	44.5	119	51.5	137	47.8	127	47.0	125	41.3	91	110	53.0	55.8	45.90	36.70	55.0	36.35	32.25	46.5	36.80	31.75	41.7	34.80	31.65
1947	45.3	46.4	53.0	117	55.3	122	53.4	118	58.7	130	48.7	103	108	60.7	62.0	54.75	48.80	60.9	48.50	43.55	59.4	55.50	50.50	47.5	45.60	39.75
1948	47.2	48.0	51.4	109	54.7	116	58.3	124	52.8	112	47.1		100	56.5	64.5	49.60	45.40	63.6	52.25	47.25	54.7	48.25	40.50	46.3	43.25	40.90
1949		45.5	52.5		51.4		47.1		40.5		31.3			62.8	56.4	54.50	49.90	52.7	50.15	43.30	38.1	42.40	35.00	32.3	33.90	27.50
1950		4/ 37.0																								

1/ Annual average of calendar year which includes the given January price.
2/ Annual average of calendar year preceding the given January price.
3/ Through 1942, fresh egg prices are monthly averages for Fresh Graded Firsts; after that year, they are for U. S. Extras (large). Although the specifications for these two grades are not strictly comparable, they are indicative of the general level of fresh egg prices current at the time of the quotations.
4/ Announced support price.

Into-Storage Movement of Eggs Begins Early;
Futures Market Provides Hedge

The low level of egg prices in January and February 1950, possibly coupled with the belief that those prices were near the springtime low, resulted in an unusually large net movement of shell eggs to cold storage, considering the early date at which the movement occurred. The January accumulation in the U. S. was 269 thousand cases, against a net outmovement of 8 thousand cases in January 1949. The January 1950 accumulation was larger than the total net accumulation of shell eggs in the first 10 weeks of 1949.

The weekly reports of storage accumulation, which are available on a 35-city basis, indicate even more remarkable gains over the comparable movements in 1949. In the two weeks ending February 18, 1950, the net in-movement of shell eggs in 35 cities averaged almost 100 thousand cases per week. This rate of accumulation, 7 times larger than in the corresponding weeks of 1949, was larger than any weekly gain in holdings in 1949 prior to the end of April.

Relative to the usual peak rates of in-movement, the current early season activity in frozen egg storage is less impressive than the accumulation of shell eggs. But compared with the usual pattern for the first six weeks of the year, the activity in frozen egg, as in shell eggs, is found to be more appropriate to a much later part of the year. On a U. S. basis, the January accumulation of 1.1 million pounds of frozen egg compares with the 33.4 million pound reduction of stocks in January 1949, and the 5-year average reduction of 31.1 million pounds. On a weekly basis, in the 35 cities, the in-put of 3.1 million pounds in the week ending February 18 contrasted with the mid-March beginning of the net into-storage movement for frozen egg in 1949. Current rates of egg-breaking are probably even higher than is indicated by the storage accumulation, since part of the output is going into immediate consumption.

In 1949, the financial outcome of egg storage operations for storers who withdrew their stocks early in the season--in September or earlier--was favorable. But the owners of shell and frozen egg held later than that month suffered severe losses on their stocks, while the continued holding of frozen egg was also unprofitable. (About 65 percent of the peak 1949 stocks of shell eggs and 28 percent of the frozen were withdrawn before October 1.) Despite the fact that a substantial part of the 1949 stocks were withdrawn at a profit, the occurence, as in 1949, of a price-drop before the end of the storage season, would ordinarily condition storers against large activities the following year. However, the great interest already evinced indicates that the historical reaction is being considerably tempered by individual appraisals of present and prospective prices.

A gauge of the future price outlook accepted by the egg trade is the price of September and October egg futures contracts in Chicago. Through the first three weeks of February 1950, the daily closes of these

contracts fluctuated within the respective ranges of 37.35 to 38.20 cents, and 37.25 to 38.25 cents. Compared with fresh egg prices at the same time, these quotations provided a very acceptable basis for hedging storage operations.

Although the peak 1950 storage holdings of shell and frozen eggs may substantially exceed the low holdings of 1949, and approach the volume of 1948, the relatively high rate of the current early-season in-movement suggests that the accumulation of stocks may be completed before the period of flush egg production is over. This possibility, coupled with the reduced opportunity which is expected for the sale of eggs to hatcheries, and the prospective larger production, indicates that the seasonal increase in the quantities of eggs that will be available for price support purchase may be greater than during the corresponding period of last year.

Egg Price Support Purchases Continue;
Offers Accepted for March

Through mid-February, weekly purchases under the 1950 egg price support program were made at a greater rate than in the corresponding weeks of 1949. At the same season in 1948 no purchases had been made. The first takings of dried egg in 1948 were in the week ending May 15.

An extension through March of the current terms of buying dried egg for price support has been announced, and the first offers of egg for March delivery were accepted by the Department of Agriculture on February 15.

In spite of the volume of eggs bought so far under the price support program, monthly prices have been less than would be expected in view of the intended annual average of 37 cents, unless at least the usual seasonal price increase is to follow the expected run of low springtime egg prices. Contracts let from the beginning of the year through February 15 total 9.1 million pounds.

DISPOSITION ACTIVITIES FOR GOVERNMENT STOCKS OF POULTRY PRODUCTS

The present surplus holdings of the Commodity Credit Corporation include about 73 million pounds of dried whole egg from 1948 and 1949 production and 9.1 million pounds 1/ of frozen turkey from the 1949 crop. The Government is presently seeking to dispose of those stocks within defined policies that are consistent with the terms of the Agricultural Act of 1949 and which will not interfere with current price support programs.

The 73 million pound dried egg stocks, which are being increased by the addition of current weekly purchases, are the balance of the total purchases of 97 million pounds made in 1948 and 1949. The difference of 24 million pounds between this total and the present holdings from 1948

1/ This quantity is subject to revision, depending upon whether or not grade inspection confirms the eligibility of certain lots of turkeys which had been tendered for price support purchase.

and 1949 purchases indicates the extent to which dispositions have been arranged up to the present time. These dispositions have been almost entirely in domestic and foreign channels involving Government participation, except for the relatively small quantities which were sold domestically after being denatured and the 2.4 million pounds for which private commercial export has been arranged.

The domestic outlets which have so far accepted the largest quantity of dried egg are activities which have done so after allocations of the commodity financed by Section 32 of Public Law 320, 74th Congress. 1/ The school lunch program has been the largest recipient of dried egg on this basis. A limitation governing the allocation of Section 32 funds provides that no more than 25 percent of the allotment may be made for any single commodity in any fiscal year. Eggs reached this limit in 1948-49, when certain foreign dispositions of dried egg were partially financed from Section 32. The financial limitation has not yet been approached for the present fiscal year, but the physical quantity of dried egg already earmarked for school lunch use is equal to the maximum quantity that can be effectively used on that program before the end of the present fiscal year.

Section 32 has been the financial source supplementing ECA funds, and funds of the Department of the Army for the administration of Western Germany, which have been used for the non-commercial exports of dried egg. These exports have been principally to the United Kingdom, Belgium, Luxembourg, Austria and Western Germany.

The dried egg stocks are presently being offered for export, to holders of dollars from sources not involving U. S. grants, at 40 cents a pound, f.a.s. New York or New Orleans. From the date of the announcement of these terms on January 18 through to February 20, 152 thousand pounds were thus sold.

The surplus stocks are also available for distribution to eleemosynary institutions or public agencies in the United States upon the payment of shipping charges from present storage points. They are also available to domestic commercial outlets upon payment of a price that neither detracts from the efficient administration of the current price support program, nor discourages the commercial undertaking of the usual business functions of procurement, assembly, processing, storage and marketing. The Agricultural Act of 1949 carries provisions to that effect to cover the resale policies under which non-perishable agricultural commodities may be moved from the CCC inventory. While dried egg does not clearly come within the definition of non-perishable, resale policies for it are established in a manner consistent with those applicable to non-processed non-perishable commodities.

Aside from dried egg, turkeys are the only poultry product now in CCC inventory. Before the end of 1949, at a time when price support holdings of frozen turkey totaled three-fourths of a million pounds, those

1/ Section 32 provides funds to the Secretary of Agriculture to create additional outlets, both foreign and domestic, for surplus agricultural products. The funds are equivalent to 30 percent of the U. S. customs receipts.

holdings were put up for bids by prospective purchasers. No acceptable bids were offered within the framework of the governing legislation, which determines the minimum acceptable price. While, technically, offers may still be made for those birds, as well as for the additional stocks acquired since the initial listing was made, the adequacy of the stocks presently available in the commercial markets has diverted the trade's interest from the Government's birds. No plans have been announced concerning the possible export disposition of these turkeys.

The Department of Agriculture still has outstanding an offer to buy 1949 crop turkeys slaughtered in that year. In the month of July 1950 the Department will acept any offers made it for the sale of such turkeys, so long as the offers conform to the conditions of a program announced in July 1949.

CANADIAN PRICE SUPPORT PROGRAM ANNOUNCED FOR 1950

Egg Prices Fell after September; Bottom Reached When Purchases Ended on British Contract

Since the late summer of 1949, prices of shell eggs in Canada followed a very similar course to that for U. S. egg prices. As indicated by the prices of grade A large eggs in Montreal, prices were at their years' peak in the late summer and early fall. In October they slid off sharply, and further losses came in November. In December, the low point of 1949 prices was reached, shortly after the announcement on the 17th of that month that no further purchases would be made against the British egg contract, which was not renewed.

The British egg contract had given Canadian egg prices a stability comparable to that provided U. S. prices by the U. S. price support program. The end of purchases under the export arrangement pressed prices down to as low as 28 cents per dozen (Canadian) for Grade A large in Montreal. This, however, is not shown in table 7, which is based on the wholesale price for Grade A large eggs on the Fridays nearest the indicated dates. Table 8, following, lists the recent weekly exports of eggs from Canada to the United States. The volume of these exports is closely related to the spreads which exist between the prices of eggs in the United States and in Canadian markets.

The low prices, from which there had been only a modest recovery in the weeks immediately following the end of the contract, were responsible for the announcement of an egg price support program for Canada in 1950. On January 26, the Minister of Agriculture announced that at the end of the egg storage season the Government would pay 38 cents (Canadian) per dozen plus storage costs to storers of grade A large eggs who could not find a satisfactory outlet. The same offer at a price 2 cents lower per dozen was made for mediums. Identical prices are to apply at all storage locations in Canada. The date upon which storers can take advantage of the Dominion government's guarantee has not been announced. The exact allowance that will be made for storage costs likewise remains to be announced.

Table 7.- Eggs: Wholesale prices (Canadian currency), grade A large, in Montreal, selected Fridays, January 1948 to date

Date (Friday nearest)	1948	1949	1950
	Cents per dozen	Cents per dozen	Cents per dozen
January 3	48	49	33
January 31	43	44	37.8
February 28	44.5	49	1/ 38.8
March 28	44	45	
April 25	45	46.5	
May 23	43.5	47	
June 20	45.5	57.5	
July 18	51.5	68	
August 15	60.5	63.5	
September 12	56.5	67	
October 10	68.5	65	
November 7	70.5	57	
December 5	51.5	47.5	

Egg and Poultry Report (weekly), Dominion Department of Agriculture, Ottawa.
1/ February 17; latest available data.

Table 8.- Eggs: Weekly exports from Canada to the United States, week ending December 17, 1949 to date

Week ending	Exports
	Cases
1949	
December 17	160
24	1,366
31	4,481
1950	
January 7	6,154
14	11,035
21	10,041
28	6,500
February 4	1,295
11	676

Office of Foreign Agricultural Relations.

Table 9.- Prices and price relationships, baby chicks and eggs, February 1947 to dat

Year and month	Prices received by hatcheries for straight-run chicks, per hundred: Heavy breeds	Light breeds	Average heavy and light breeds	Index of average prices (Feb. 1947-Dec. 1949=100)	Prices received by farmers for eggs per dozen	Index of prices received for eggs (Feb.1947-Dec.1949=100)	Eggs equal in value to one chick
	Dollars	Dollars	Dollars	Percent	Cents	Percent	Number
1947							
Feb.	14.70	14.20	14.45	94	38.6	83	5
Mar.	14.00	13.90	13.95	91	40.1	86	4
Apr.	13.80	13.70	13.75	89	40.8	87	4
May	13.80	13.70	13.75	89	40.7	87	4
June	13.80	13.70	13.75	89	41.5	89	4
July	14.00	13.90	13.95	91	45.7	98	4
Aug.	14.40	14.10	14.25	93	47.5	102	4
Sept.	15.00	14.60	14.80	96	53.0	113	3
Oct.	15.60	15.40	15.50	101	55.3	118	3
Nov.	15.50	15.70	15.60	101	53.4	114	4
Dec.	15.20	15.70	15.45	101	58.7	126	3
1948							
Jan.	15.20	15.80	15.50	101	48.7	104	4
Feb.	14.70	14.20	14.45	101	45.0	96	4
Mar.	15.50	15.70	15.60	101	42.6	91	4
Apr.	15.50	15.50	15.50	101	42.6	91	4
May	15.20	15.20	15.20	99	41.5	89	4
June	15.10	14.70	14.90	97	43.4	93	4
July	15.10	15.00	15.05	98	45.8	98	4
Aug.	15.90	15.50	15.70	102	49.2	105	4
Sept.	16.70	16.30	16.50	107	51.4	110	4
Oct.	17.00	16.40	16.70	109	54.7	117	4
Nov.	17.20	16.90	17.05	111	58.3	125	3
Dec.	16.60	16.60	16.60	108	52.8	113	4
1949							
Jan	16.20	16.30	16.25	106	47.1	101	4
Feb.	16.30	16.30	16.30	106	41.8	89	5
Mar.	15.90	16.10	16.00	104	41.2	88	5
Apr.	15.90	15.80	15.85	103	42.3	90	5
May	15.70	15.60	15.65	102	43.4	93	4
June	15.50	15.20	15.35	100	44.1	94	4
July	15.30	15.30	15.30	100	45.3	97	4
Aug.	15.60	15.60	15.60	101	48.8	104	4
Sept.	16.10	16.00	16.05	104	52.5	112	4
Oct.	16.40	16.40	16.40	107	51.4	110	4
Nov.	15.90	15.20	15.55	101	47.1	101	4
Dec.	15.40	15.70	15.55	101	40.5	87	5
1950							
Jan.	14.70	15.10	14.90	97	31.3	67	6

Table 10.- Prices of baby chicks and eggs, U. S. annual averages and indices 1929-1949

Year	Average price paid by farmers for 100 chicks	Index of prices paid by farmers for chicks (1935-39=100)	Simple average price received by farmers for eggs per dozen	Index of prices received by farmers for eggs (1935-39=100)
	Dollars		Cents	
1929	13.67	155	32.1	148
1930	12.41	140	25.1	116
1931	10.29	116	18.6	86
1932	8.07	91	16.0	74
1933	7.34	83	15.3	70
1934	8.06	91	18.4	85
1935	8.62	98	24.1	111
1936	9.00	102	23.0	106
1937	8.80	100	21.7	100
1938	8.95	101	21.3	98
1939	8.83	100	18.4	85
1940	8.70	98	19.1	88
1941	9.01	102	25.0	115
1942	11.33	128	31.4	145
1943	13.90	157	38.7	178
1944	15.00	170	33.8	156
1945	15.50	175	39.0	180
1946	15.70	178	39.2	181
1947	16.40	186	46.4	214
1948	18.90	214	48.0	221
1949	16.20	183	45.5	210

Table 11.- Value of monthly egg production from 100 layers, U.S.average basis, October 1948-September 1949
(Data for cover chart)

Year and month	Production per 100 layers	Price received by farmers per dozen	Value of output of 100 layers*	Index of value of output (Oct.1948-Sept. 1949=100)
1948	Eggs	Cents	Dollars	
Oct.	1,029	54.7	46.90	87.7
Nov.	948	58.3	46.10	86.2
Dec.	1,065	52.8	46.90	87.7
1949				
Jan.	1,210	47.1	47.50	88.8
Feb.	1,312	41.8	45.70	85.5
Mar.	1,718	41.2	59.00	110.3
Apr.	1,798	42.3	63.40	118.5
May	1,816	43.4	65.70	122.8
June	1,604	44.1	59.00	110.3
July	1,487	45.3	56.10	104.9
Aug.	1,346	48.8	54.80	102.5
Sept.	1,158	52.5	50.70	94.8
Total or av.	16,491	47.7	641.80	100

* 100 layers at the beginning of each month.

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